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JUL 29 2003

PUBLIC SERVICE  
COMMISSION

July 28, 2003

Public Service Commission  
211 Sower Boulevard  
PO Box 615  
Frankfort, KY 40602  
ATTN: Thomas M. Dorman, Executive Director

**RE: Case No. 2003-00228**  
**Matrix Energy, LLC; For Determination of Retail Electric Supplier**

Dear Mr. Dorman:

Enclosed please find original and ten (10) copies of "Big Sandy's" Response for filing. As "Big Sandy's" attorney in this case, please send copies of further scheduling orders directly to my office.

Thank You.

Yours Truly,



Albert A. Burchett

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**RECEIVED**  
**JUL 29 2003**

PUBLIC SERVICE  
COMMISSION

**In the Matter of:**

**MATRIX ENERGY, LLC            )**  
**FOR DETERMINATION OF        )**  
**RETAIL ELECTRIC SUPPLIER    )**

**CASE NO. 2003-00228**

**RESPONSE OF BIG SANDY RURAL ELECTRIC  
COOPERATIVE CORPORATION**

Big Sandy Rural Electric Cooperative Corporation ("Big Sandy") for its Response to the Application of Matrix Energy, LLC ("Matrix") states as follows:

1. "Big Sandy" is a corporation duly created and existing under KRS 279.010 et seq. Its mailing address is Post Office Box 1746, Paintsville, Kentucky 41240. "Big Sandy" is a retail electric supplier as defined under KRS 278.010 (4).

2 "Big Sandy" and "Kentucky Power" have adjacent service territories in Johnson County and Martin County, Kentucky, certified under KRS 278.016 et seq.

3. All of the allegations contained in the Application are denied.

4. "Big Sandy" states affirmatively that on January 3, 2002 Mr. Ted McGinnis of Beechfork Processing Company ("Beechfork") P.O. Box 190, Lovely, KY 41231 requested "Big Sandy" to provide electrical service for a new shaft mine located in Johnson County, Kentucky. "Beechfork" estimated the mine load to be 5,000-10,000 KW with full power needed by January, 2003. "Beechfork" offered to provide easements and site preparation for the temporary substation to serve the mine.

5."Beechfork" inquired about capacity and availability to serve commercial and residential development in an area adjacent to the mine portal and located entirely within "Big Sandy's " service territory.

6. "Big Sandy" explained that East Kentucky Power Cooperative ("EKPC") would be their source of the power. "EKPC" informed "Beechfork" that it would tap Kentucky Power Company d/b/a American Electric Power's ("Kentucky Power") transmission line and build 1.6 miles of transmission line to the new substation located near the main entrance to the mine. "EKPC" advised that "Kentucky Power" would perform a System Impact Study ("SIS") and a Facilities Study ("FS") and "Beechfork" agreed and requested "Big Sandy" to proceed with the necessary work to provide the retail electric service. "Big Sandy" and "EKPC" agreed to do so.

7. Between February, 2002 and December, 2002, "EKPC" met with "Kentucky Power", made a written request for a "SIS" and "FS", received favorable studies, paid "Kentucky Power" \$21,454.47 for the studies, and met with and informed "Beechfork" of the plan and cost to provide three phase electric service to the mine.

8. On April 15, 2002, "Big Sandy" and "EKPC" met with "Beechfork" and informed "Beechfork" that "Kentucky Power's" 69kV Line would be tapped 1.6 miles from the substation site. "EKPC" would build a transmission line to the substation at a projected cost of \$267,000.00; a temporary 69-12.5kV, 5.6 mVA substation would be built. In addition "Beechfork" was informed that it would bear all costs associated with "EKPC" establishing a 69kV interconnection with "Kentucky Power". "Beechfork" agreed to a 5 year payout of the costs and agreed to provide right-of-way and substation site preparation to "EKPC" specifications. The cost for the substation was projected at \$172,000.00, which "EKPC" would absorb. "EKPC" design engineers met with "Beechfork" representatives in the field and located the substation site and a preliminary 69kV line route.

9. Sometime later "Big Sandy" learned that the mining company's name is: CZAR Coal Corporation, HC 64 Box 915, DeBoard, KY 41214.(Czar)

10. Neither "Beechfork", "Matrix" nor "Czar" requested temporary service from "Big Sandy" for construction of the mine entrance. Likewise, "Big Sandy" never consented or agreed for "AEP" or "Kentucky Power" to provide this temporary service located in "Big Sandys" exclusive service territory. If "AEP" is providing such service, as alleged, then "AEP" is trespassing on "Big Sandys" exclusive right and service territory. "Big Sandy" requests an order from the commission enjoining "AEP" and "Kentucky Power" from furnishing electric service related to the preparation of the mine entrance and awarding damages to "Big Sandy" for wilfull trespass.

11. In the fall of 2002, "Beechfork" advised "Big Sandy" that its need for electric service had been delayed.

12. On November 20, 2002 "EKPC" sent an invoice to "Beechfork" in the amount of \$21,454.47 to reimburse for incurred cost of "Kentucky Power's" "SIS" and "FS". This invoice has not been paid.

13. On June 13, 2003 "Big Sandy" received a forwarded copy of an application from Matrix Energy, LLC ("Matrix") requesting the Commission to authorize "Kentucky Power" to supply one hundred percent (100%) of the power to the mine.

14. The mine portal is, or will be, located entirely in the "Big Sandy" certified territory. Under KRS 278.016-.018 and all other applicable law, "Big Sandy" has the exclusive right to supply electric service to the mining company for its mining operations at the aforementioned location and for its future development. An order should be entered granting "Big Sandy" this service right and "Kentucky Power" should be enjoined from furnishing electric service at the mine portal.

15. "Big Sandy" states that "Kentucky Power" has agreed to an interconnection with its 69kV Line. Either electric supplier is required to build 1.5-1.6 mile of transmission line and a new substation to the mine portal. The adequacy and dependability of the distribution lines is equal for both suppliers.

There will not be a duplication of electric lines and facilities supplying either the portal or the bore holes. The criteria in KRS 278.017(3) is equal.

16. "Big Sandy's" exclusive right to furnish retail electric service to all electric-consuming facilities located within its certified territory (KRS 278.018) should prevail as the .017(3) criteria is equal.

17. Under 278.018 "Big Sandy" requests the Commission for an order permitting it to extend its facilities through the certified territory of "Kentucky Power", if such extension is necessary to supply electric service at the bore holes.

18. "Big Sandy" is willing and able to provide retail service to the entire mine and adjacent area.

WHEREFORE, "Big Sandy" requests the proper order of the Commission.

Respectfully Submitted,

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BY:

  
ALBERT A. BURCHETT

## CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing Response to Application was served by First Class Mail, postage prepaid, on 28th July, 2003 upon:

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